



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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## Finance Committee Acts on Broad-Based Energy Tax Package Grassley Continues Leadership for Renewable Energy, Big Gains for Iowa

WASHINGTON – Sen. Chuck Grassley today won committee approval of his comprehensive package of energy tax incentives, including those for production of wind energy and purchase of electric and hydrogen fuel-cell cars.

"Investing in alternative forms of clean-burning energy is good for the environment, good for national security and energy independence, good for job creation and economic development, and good for taxpayers," said Grassley, who chairs the Senate's tax-writing Finance Committee and has a long history of promoting expanded use of renewable energy.

Grassley presented his version of comprehensive energy tax legislation – encouraging alternative and traditional energy production, along with conservation and energy efficiency – to committee members for action this morning. The *Energy Tax Incentives of 2003* won final committee approval with a vote of 18 to 2.

Among the alternative energy incentives, the bill includes extension of the first-ever wind-energy tax credit Grassley authored in 1992. It extends the tax credit for biomass production; provides an income tax credit and excise tax rate reduction for biodiesel fuel mixtures; helps smaller, cooperative ethanol producers; creates a production tax credit for electricity generated from swine and bovine waste; and, establishes a tax credit for the manufacture and use of super energy-efficient washing machines and refrigerators.

In addition, the legislation approved today establishes a tax credit for the purchase of alternative motor vehicles, including electric cars, and it extends the deduction for alternative vehicles, including hydrogen fuel-cell cars. It also provides tax credits for the installation of alternative fueling stations and retail sales of alternative fuels.

Grassley's proposal also reshapes the ethanol excise tax exemption so that ethanol-blended fuels make the same contribution to the highway trust fund as regular gasoline while also retaining an important incentive to promote the use of domestic, renewable fuels. "We need money for highways, and we need to reduce America's dependence on foreign sources of oil," Grassley said. "Restructuring the ethanol excise tax contributes to both goals and preserves all the existing tax

incentives for ethanol."